GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:3409
ANSWERED ON:26.04.2007
FINANCIAL AUTONOMY TO PSUs
Reddy Shri Karunakara G.

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether the Government proposes to grant financial autonomy to the profit-making public sector undertakings by allowing them to invest in joint ventures; and

(b) if so, the details thereof?

Answer

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI SONTOSH MOHAN DEV)

(a) and (b) : The Government has already given greater financial autonomy to the Boards of Navratna and Miniratna Central Public Sector Enterprises (CPSEs) for making investments in joint ventures/subsidiaries within prescribed limits as per orders issued in this regard dated 5.8.2005.

The Navratna CPSEs have been empowered to make equity investment for establishing joint ventures and wholly owned subsidiaries in India or abroad subject to the ceiling of 15% of the net worth of the CPSE in one project limited to Rs. 1000 crore. The overall ceiling on such investment in all projects put together shall be 30% of the net worth of the CPSE.

The Miniratna Category I CPSEs have been empowered to make equity investment for establishing joint ventures and wholly owned subsidiaries in India subject to the ceiling of 15% of the net worth of the CPSE in one project limited to Rs. 500 crore. The overall ceiling on such investment in all projects put together shall be 30% of the net worth of the CPSE.

The Miniratna Category II CPSEs have been empowered to make equity investment for establishing establish joint ventures and wholly owned subsidiaries in India subject to the ceiling of 15% of the net worth of the CPSE in one project limited to Rs. 250 crore. The overall ceiling on such investment in all projects put together shall be 30% of the net worth of the CPSE.